

0009-00-CID-92-45657  
United States Environmental Protection Agency  
Criminal Investigation Division  
Investigation Summary Report

0202-0028  
Case Number

Case Title:

Reporting Office:

AAR ENVIRONMENTAL SERVICES INC.

Syracuse, NY RAC

Subject of Report:

Investigation Summary December 17, 1999 to March 5, 2001

Copies to:

Related Files:

Reporting Official and Date:

(b) (6), (b) (7)(C)

3/5/01

RAC

Approving Official and Date:

(b) (6), (b) (7)(C)

SAC

3-7-2001

SYNOPSIS

During this time period five subjects associated with this investigation entered guilty pleas within the U.S. District Court for The Northern District of New York in response to criminal pleas negotiated with the United States Attorney's Office. The subjects were all employees of Analytical Labs of Albany Inc. (ALA), a laboratory which was alleged to be secretly owned by the President of AAR, namely (b) (6), (b) (7)(C). It should be noted that these referenced proceedings, as well as those relating to the successful investigation/trial of A Plus Environmental (b) (6), (b) (7)(C) (0202-0027), have fully consumed the time of The Syracuse Resident Agency during this time period.

DETAILS

As noted above, during this time period five subjects associated with this investigation entered guilty pleas within the U.S. District Court for The Northern District of New York in response to criminal pleas negotiated with the United States Attorney's Office. The subjects were all employees of Analytical Labs of Albany Inc. (ALA), a laboratory which was alleged to be secretly owned by the President of AAR, namely (b) (6), (b) (7)(C).

The subjects include (b) (6), (b) (7)(C) CEO of ALA, (b) (6), (b) (7)(C) President of ALA, (b) (6), (b) (7)(C) Project Manager of ALA, (b) (6), (b) (7)(C) Laboratory Director of ALA and (b) (6), (b) (7)(C) Executive Director of ALA. Each of these subjects entered their guilty pleas on February 24, 2000, with the exception of (b) (6), (b) (7)(C).

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EXHIBIT 12

United States Environmental Protection Agency  
Criminal Investigation Division

0009-00-00092-45657  
0202-0028

Case Number

Investigation Summary Report

(b) (6), (b) (7)(C) who entered (b) (6), (b) (7)(C) plea on September 21, 2000. The subjects were charged with a number of felony criminal charges some of which included Conspiracy to violate the Clean Air Act, Mail Fraud and the filing of false Federal income tax returns, however their criminal pleas and related cooperation agreements associated with each of their criminal information(s) detail a felony charge of 18 U.S.C. 371 for each subject (Conspiracy to defraud the United States).

It should be noted that the referenced guilty pleas have come in response to a detailed criminal investigation, numerous interviews, document reviews, proffers and the previously referenced search warrants. The investigation was initiated by EPA-CID, however the full assistance of IRS-CID, Army-CID, U.S. Postal Inspection Service, HUD-OIG and The New York State Office of The Inspector General has led to the referenced guilty pleas. The investigation established that ALA and its managers had been routinely falsifying air monitoring reports for AAR and that the company (ALA) had in fact been secretly co-owned by (b) (6), (b) (7)(C) President of AAR.

At this point in time, this investigation is continuing with the full focus being placed on AAR Environmental Services Inc. and its managers and employees. Accordingly, the sentencing of the five ALA defendants will be indefinitely delayed to allow for their (b) (6), (b) (7)(C) /Trial testimony should it be needed. As noted above, the AAR investigation has been delayed due to an extensive investigation and trial proceedings related to another asbestos investigation, namely, A Plus Environmental Services Inc. and (b) (6), (b) (7)(C) (0202-0027).

On October 26, 1999, S/A (b) (6), (b) (7)(C) and S/A (b) (6), (b) (7)(C) interviewed (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) at their residence in Clifton Park, New York. It should be noted that these interview transpired while the search warrants were commencing at AAR and ALA. (b) (6), (b) (7)(C) named (b) (6), (b) (7)(C) was a co-owner of ALA with (b) (6), (b) (7)(C). Additional details are noted in the IAR attached to this report.

On December 20, 1999, S/A (b) (6), (b) (7)(C) spoke with (b) (6), (b) (7)(C) Attorney for AAR relating to the receipt of subpoenaed documents and records from AAR. S/A (b) (6), (b) (7)(C) conversation relating to this matter are detailed in the referenced IAR attached to this report.

United States Environmental Protection Agency  
Criminal Investigation Division  
Investigation Summary Report

0202-0028  
Case Number

0009-00-CID-92-45657

On January 13, 2000, S/A (b) (6), (b) (7)(C) and S/A (b) (6), (b) (7)(C) interviewed (b) (6), (b) (7)(C) at (b) (6), (b) (7)(C) place of employment namely USA Remediation. (b) (6), (b) (7)(C) advised investigators that (b) (6), (b) (7)(C) had worked at AAR from April of 1998 through January 1999. (b) (6), (b) (7)(C) provided investigators with information regarding (b) (6), (b) (7)(C) and an AAR crew, who during the summer of 1998 cut up a couple of large boilers stored at ALA, 31 Railroad Avenue, Albany, New York. (b) (6), (b) (7)(C) believes the boilers were from an AAR job completed at Greenhaven Correctional Facility. Additional details are noted in the attached IAR.

On January 18, 2000, a telephonic interview by S/A (b) (6), (b) (7)(C) was conducted with (b) (6), (b) (7)(C), an part-time employee of ALA who works in the Laboratory reading samples. (b) (6), (b) (7)(C) advised (b) (6), (b) (7)(C) that (b) (6), (b) (7)(C) had heard rumors that (b) (6), (b) (7)(C) Lab Director was changing results however (b) (6), (b) (7)(C) had no direct knowledge regarding the matter. (b) (6), (b) (7)(C) interview is fully detailed in an IAR which is attached to this ISR.

On January 25, 2000, (b) (6), (b) (7)(C) a former employee of ALA was telephonically interviewed by S/A (b) (6), (b) (7)(C). It should be noted that (b) (6), (b) (7)(C) had been previously interviewed on November 29, 1999, by S/A (b) (6), (b) (7)(C) and S/A (b) (6), (b) (7)(C) and that the referenced interview was fully detailed in an IAR. During the telephonic interview (b) (6), (b) (7)(C) provided additional information relating to (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) of ALA and further detailed information relating to their involvement in a bid rigging scheme with (b) (6), (b) (7)(C) of AAR. (b) (6), (b) (7)(C) named two bid rigging projects related to this scheme, namely The New York State Capital and The New York State Department of Transportation garage located in Ogdensburg, New York. Additional details are noted in the attached IAR.

On January 25, 2000, S/A (b) (6), (b) (7)(C) served a (b) (6), (b) (7)(C) subpoena on (b) (6), (b) (7)(C), Senior Sales and Service Representative for Fleet Bank and this subpoena related to the request of information relating to RASH Services. Additional details related to this matter are outlined in the attached IAR.

On June 6, 2000, S/A (b) (6), (b) (7)(C) and S/A (b) (6), (b) (7)(C) interviewed (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) in Watervliet, New York relating to AAR and A Plus Environmental. (b) (6), (b) (7)(C) advised investigators that a rumor was circulating that (b) (6), (b) (7)(C) of A Plus and (b) (6), (b) (7)(C) of AAR had teamed up in their defense

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United States Environmental Protection Agency  
Criminal Investigation Division  
Investigation Summary Report

0202-0028  
Case Number

efforts relative to the ongoing criminal investigations.  
Additional details are noted in the attached IAR.

On June 6, 2000, S/A (b) (6), (b) (7)(C) and S/A (b) (6), (b) (7)(C) conducted an interview of (b) (6), (b) (7)(C) at the Hampton Inn, Latham, NY. The purpose of this interview related to the on-going criminal investigation of ALA and AIR. (b) (6), (b) (7) stated that (b) (6), (b) (7) contact with ALA came as a result of ALA being a sub-contractor for International Technologies (IT) where (b) (6), (b) (7) has worked for six years. (b) (6), (b) (7) strongly suggested that investigators interview (b) (6), (b) (7) who worked at ALA from 1995-1998. (b) (6), (b) (7) assisted investigators by helping to arrange this interview on the following day. Additional details related to this interview are noted in the attached IAR.

On June 7, 2000, S/A (b) (6), (b) (7)(C) IRS-CID and S/A (b) (6), (b) (7)(C) EPA-CID, interviewed (b) (6), (b) (7)(C) at (b) (6), (b) (7)(C) Gloversville, New York residence. It was noted that (b) (6), (b) (7) had worked in the asbestos industry since 1993 and that (b) (6), (b) (7) is a former employee of American Manpower whose name later changed to Twin Cities and was operated by (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) told investigators that almost every project (b) (6), (b) (7) did while at Twin Cities was for AAR, as Twin Cities did not have the equipment or resources to bid and complete asbestos projects on their own. (b) (6), (b) (7)(C) named (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) as being AAR supervisors who were on-site at various asbestos abatement projects and that all had given instructions to remove asbestos dry. Additional details are noted in the attached IAR.

On June 7, 2000, S/A (b) (6), (b) (7)(C) and S/A (b) (6), (b) (7)(C) interviewed (b) (6), (b) (7)(C) at a pizza parlor in Saratoga Springs, New York. It should be noted that (b) (6), (b) (7)(C) is a former air-tech employee of ALA. (b) (6), (b) (7)(C) advised investigators that (b) (6), (b) (7)(C) had been aware of ALA employees performing weekend work at AAR which involved asbestos abatement and (b) (6), (b) (7)(C) named (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) as two people who had been involved in this activity. (b) (6), (b) (7)(C) also noted that AAR never used enough water on asbestos projects and that (b) (6), (b) (7)(C) was constantly reminding them to use more water. (b) (6), (b) (7)(C) noted to investigators that AAR's air samples always appeared to pass under less than optimum conditions and care and that (b) (6), (b) (7)(C) had found this suspect. Additional details are noted in the attached IAR.

On June 7, 2000, S/A (b) (6), (b) (7)(C) and S/A (b) (6), (b) (7)(C) visited the residence of (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C).

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0009-00-CIG 192-45657  
United States Environmental Protection Agency  
Criminal Investigation Division

0202-0028

Case Number

## Investigation Summary Report

Gansevoort, New York, in an attempt to interview (b) (6), (b) (7) a current employee of AAR. Although nobody was at home, an official EPA-CID note was left at the doorway asking (b) (6), (b) (7) to contact S/A (b) (6), (b) (7)(C). On June 15, 2000, a telephone call was made to the residence and a brief discussion transpired with (b) (6), (b) (7)(C). (b) (6), (b) (7) said (b) (6) had received the note and that (b) (6) would remind (b) (6) husband of these matters and (b) (6) advised they had been very busy and that (b) (6) had recently had a child. Additional details are noted in the attached IAR.

On June 7, 2000, S/A (b) (6), (b) (7)(C) and S/A (b) (6), (b) (7)(C) attempted to interview (b) (6), (b) (7)(C) at (b) (6) residence address of (b) (6), (b) (7)(C) Scotia, New York. (b) (6), (b) (7) when approached by agents advised (b) (6) already had counsel and did not wish to talk. Further details relative to this matter are noted in the attached IAR.

On June 9, 2000, S/A (b) (6), (b) (7)(C) conducted a telephonic interview with (b) (6), (b) (7)(C) after (b) (6) had contacted the Syracuse Resident Agency. (b) (6), (b) (7)(C) advised that (b) (6) had worked for ALA from January 1998 through February 2000. (b) (6), (b) (7)(C) stated that 80% of ALA's jobs were with AAR. (b) (6), (b) (7)(C) stated that (b) (6) had seen AAR employees working on asbestos jobs while in the hotzone without respirators and that (b) (6) had documented (b) (6) observations in (b) (6) logs. (b) (6), (b) (7)(C) stated that AAR would commonly utilize glovebags at the onset of an asbestos abatement job, however their usage would be discontinued as the job progressed. Additional details related to this interview are noted in the attached IAR.

On June 9, 2000 and on June 11, 2000, S/A (b) (6), (b) (7)(C) placed telephone calls to (b) (6), (b) (7)(C) a former air-tech at ALA after it had been learned (b) (6) had moved to Arizona. On June 11, 2000 a brief discussion transpired regarding the on-going AAR investigation. Upon questioning, (b) (6), (b) (7) was uncertain of various dates and advised (b) (6) was about to embark on (b) (6) honeymoon and that the discussion could transpire at a later date. On June 13, 2000 it was learned that (b) (6), (b) (7) had obtained legal representation therefore the promised interview did not transpire. Additional details regarding this matter are detailed in the attached IAR.

On June 22, 2000, S/A (b) (6), (b) (7)(C) and S/A (b) (6), (b) (7)(C) interviewed (b) (6), (b) (7)(C) at (b) (6) Gloversville, New York, residence. (b) (6), (b) (7) advised the attending investigators that (b) (6) had worked in the asbestos industry for American Manpower and that it

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0009-00-CID 492-45657  
United States Environmental Protection Agency  
Criminal Investigation Division  
Investigation Summary Report

0202-0028  
Case Number

was common for American Manpower and AAR employees to remove asbestos without glove bags and without proper containment. It was noted that (b) (6), (b) (7)(C) had started in the asbestos industry in 1993 with American Manpower. While at American Manpower (b) (6), (b) (7)(C) named (b) (6), (b) (7)(C) as the Manager who would give the orders to remove asbestos dry and that (b) (6), (b) (7)(C) would get (b) (6), (b) (7)(C) orders from (b) (6), (b) (7)(C) of AAR. Additional details relative to this interview are detailed in the attached IAR.

On February 16, 2001, an interview of (b) (6), (b) (7)(C) Assistant Superintendent of Schools for Business, East Greenbush Central School System was conducted by S/A (b) (6), (b) (7)(C) of EPA-CID. (b) (6), (b) (7)(C) provided information that a decision had been made to review work completed by AAR within their school district after it had been learned that AAR was under criminal investigation by The Department of Justice. It was noted that the services of a private environmental consultant were retained to perform these referenced re-inspections. Accordingly Entek Environmental & Technical Services was retained to perform inspections at Green Meadow Elementary School and Goff Middle School whereupon asbestos related problems were found. Additional details related to this interview are outlined in the attached IAR.

On February 27, 2001, S/A (b) (6), (b) (7)(C) telephonically interviewed (b) (6), (b) (7)(C), a former AAR employee who had worked at AIR for approximately six years. During the interview Proietti provided information relating to AAR employee/supervisor (b) (6), (b) (7)(C) and it was noted that (b) (6), (b) (7)(C) received special benefit/perks for finishing asbestos jobs ahead of schedule. (b) (6), (b) (7)(C) wishes to cooperate with EPA-CID and will likely consent to a full interview after checking with (b) (6), (b) (7)(C) personal attorney. Additional details related to this matter are noted in the attached IAR.

On February 28, 2001, (b) (6), (b) (7)(C) was telephonically interviewed regarding (b) (6), (b) (7)(C) former employer ALA by S/A (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) stated (b) (6), (b) (7)(C) worked at ALA from February 1997 through early 2000 when ALA closed its doors. (b) (6), (b) (7)(C) told S/A (b) (6), (b) (7)(C) that when (b) (6), (b) (7)(C) worked as an air technician at ALA (b) (6), (b) (7)(C) had observed AAR employees doing illegal activities during asbestos abatement projects. (b) (6), (b) (7)(C) told S/A (b) (6), (b) (7)(C) that (b) (6), (b) (7)(C) was sent to the Ford Motor Company project because AAR was caught doing illegal removal by an inspector from (b) (6), (b) (7)(C) Inc. Additional details relating to this matter are outlined in the attached IAR.

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United States Environmental Protection Agency  
Criminal Investigation Division  
Investigation Summary Report

00-010-92-45657  
0202-0028  
Case Number

SUBJECTS

(b) (6), (b) (7)(C) President of AAR.....CII 22196  
AAR Environmental Services Inc.....CII 22197  
NHD, Inc.....CII 22198  
R.A. Bender, Inc.....CII 22199  
Analytical laboratories of Albany, Inc.....CII 22526  
(D) (b) (6), (b) (7)(C) President of ALA.....CII 23703  
(D) (b) (6), (b) (7)(C) ALA Project Manager.....CII 25264  
(D) (b) (6), (b) (7)(C), ALA Lab Director.....CII 23704  
(D) (b) (6), (b) (7)(C) ALA Executive Director.....CII 23705  
(D) (b) (6), (b) (7)(C), ALA Chief Executive Officer.....CII 23706

DISPOSITION

As noted above, during this time period five subjects associated with this investigation entered guilty pleas within the U.S. District Court for The Northern District of New York in response to criminal pleas negotiated with the United States Attorney's Office. It should be noted that all of these subjects were from ALA.

The subjects include (b) (6), (b) (7)(C) CEO of ALA, (b) (6), (b) (7)(C) President of ALA, (b) (6), (b) (7)(C) Project Manager of ALA, (b) (6), (b) (7)(C), Laboratory Director of ALA and (b) (6), (b) (7)(C) Executive Director of ALA. Each of these subjects entered their guilty pleas on February 24, 2000, with the exception of (b) (6), (b) (7)(C) who entered (b) (6), (b) (7)(C) plea on September 21, 2000.

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United States Environmental Protection Agency  
Criminal Investigation Division

0009-00-00-92-45657  
0202-0028  
Case Number

## Investigation Summary Report

The subjects (b) (6), (b) (7)(C) and (b) (6), (b) (7) were charged with felony criminal charges including Conspiracy to violate the Clean Air Act 42 U.S.C. 7413(c) and Mail Fraud 18 U.S.C. 1341. (b) (6), (b) (7)(C) was also charged with a felony namely, Conspiracy to violate the Clean Air Act. (b) (6), (b) (7) was charged with the same as (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) but also received additional felony charges relating to the filing of false Federal income tax returns 26 U.S.C. 7206(1).

It should be noted however, that due to the cooperation by all, that each of their criminal pleas and related cooperation agreements/criminal information(s) detail a felony charge of 18 U.S.C. 371 for each subject (Conspiracy to defraud the United States). It should be noted that attached to this report is each defendants criminal information as well as their respective plea and cooperation agreement.

Sentencing of these defendants will be delayed indefinitely until it is determined if their (b) (6), (b) (7)(C) Trial testimony will be needed in the future.

### ATTACHMENTS

Criminal Information and Plea Agreement for (b) (6), (b) (7)(C)

Criminal Information and Plea Agreement for (b) (6), (b) (7)(C)

Criminal Information and Plea Agreement for (b) (6), (b) (7)(C)

Criminal Information and Plea Agreement for (b) (6), (b) (7)(C)

Criminal Information and Plea Agreement for (b) (6), (b) (7)(C)

IAR Interview of (b) (6), (b) (7)(C) on 10/26/99

IAR Interview of (b) (6), (b) (7)(C) on 12/21/99

IAR Interview of (b) (6), (b) (7)(C) on 01/13/00

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United States Environmental Protection Agency  
Criminal Investigation Division  
Investigation Summary Report

0009-00-CID 492-45657  
0202-0028  
Case Number

IAR Interview of (b) (6), (b) (7)(C) on 01/14/00  
IAR Interview of (b) (6), (b) (7)(C) on 01/25/00  
IAR Subpoena Service on (b) (6), (b) (7)(C) on 01/25/00  
IAR Interview of Merritt & Johansonberg on 06/06/00  
IAR Interview of (b) (6), (b) (7)(C) on 06/06/00  
IAR Interview of (b) (6), (b) (7)(C) on 06/07/00  
IAR Interview of (b) (6), (b) (7)(C) on 06/07/00  
IAR Interview of (b) (6), (b) (7)(C) on 06/07/00  
IAR Interview of (b) (6), (b) (7)(C) on 06/07/01  
IAR Interview of (b) (6), (b) (7)(C) on 06/09/00  
IAR Interview of (b) (6), (b) (7)(C) on 06/09/00  
IAR Interview of (b) (6), (b) (7)(C) on 06/22/00  
IAR Interview of (b) (6), (b) (7)(C) on 02/16/01  
IAR Interview of (b) (6), (b) (7)(C) on 02/20/01  
IAR Interview of (b) (6), (b) (7)(C) on 02/28/01

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